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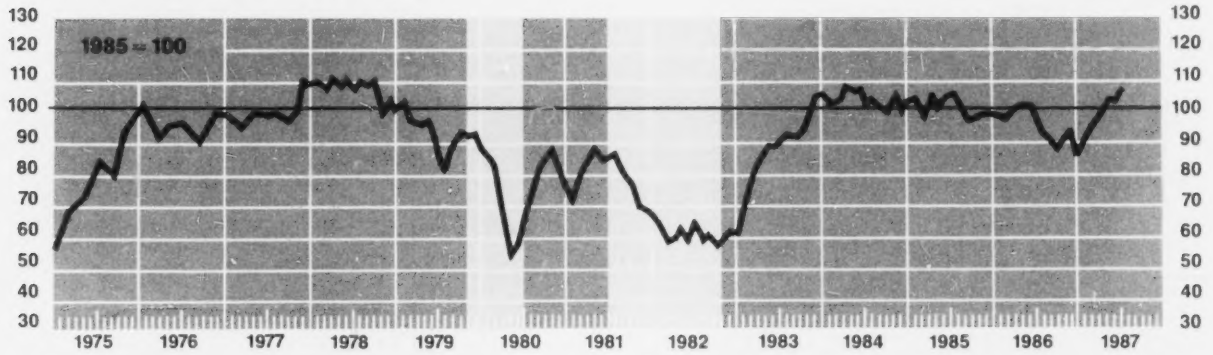
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

August, 1987



CONSUMERS CONTINUE IN GOOD SPIRITS BUT BUYING PLANS LAG

The Board's Consumer Confidence Index (1985 = 100) registered 105.8 in July, a gain of almost 4 points for the month. The confidence reading is now higher than it has been in some 3 years. Plans to buy, however, continue to be soft.

The consumer's view of the ongoing situation is not very different from what it was a month earlier. Marginally fewer persons than last time said business conditions are "good," but there are also fewer complaints that jobs are "hard to get." On balance, the prevailing view of the current scene continues to be very favorable as compared with the historical record.

In looking ahead to the next six months, consumers are more positive than a month earlier. Slightly more people expect business conditions to improve, fewer feel that they will worsen. Similarly, a somewhat larger number of respondents expect that jobs will become more plentiful in the months ahead. In viewing their own financial circumstances, a higher proportion of respondents than last time expect their incomes to increase during the remaining months of this year—26%, up from 23.7% a month earlier.

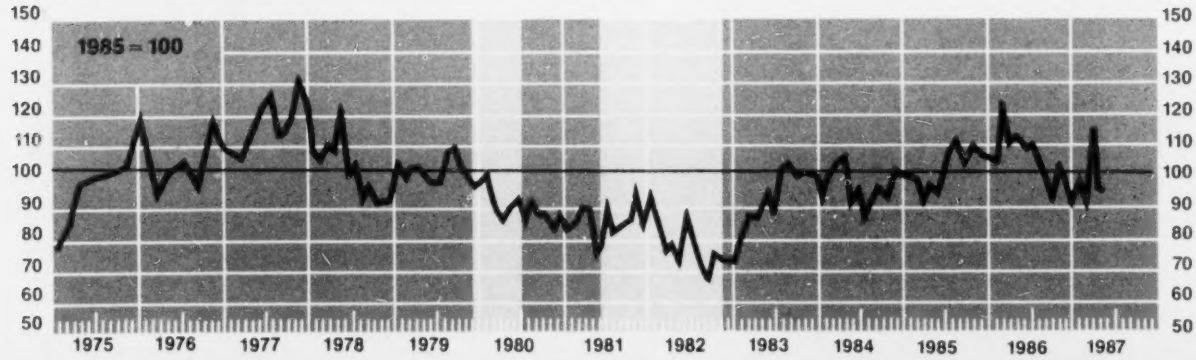
Buying plans are mixed to uninspiring. Plans to buy an automobile were indicated by 7.1% of all those contacted—just about the same as a month earlier. Plans to buy a home have moved up from 3.3% to 3.7%, but the present figure is still not much different than the average during the earlier months of this year. About 29% of all households plan to purchase a major appliance in the months ahead. This is about the same figure as a month earlier.

The Confidence Index has now been at a relatively high level for the past three months. Particularly reassuring are the consumer's optimistic expectations for the months ahead. This component of the survey has a good record of foreshadowing economic events.

The consumer's optimism in recent months can probably be largely attributed to the improving employment situation. Jobs and inflation have proven to be the two circumstances which generally have the greatest effect on the consumer's spirits. Thus, for example, in recent months especially good gains in consumer confidence were recorded in the Middle Atlantic region, an area where the job situation has been particularly favorable.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1986 July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.	Mar.	Apr.	May	June(r)	July(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	97.5	91.7	89.7	85.8	89.7	93.2	85.4	91.8	95.8	97.4	103.0	102.1	105.8
Present Situation	99.3	91.4	90.3	85.4	86.2	94.7	85.0	91.9	94.2	92.7	99.1	107.9	107.4
Expectations	96.4	92.0	89.4	86.1	92.0	92.2	85.6	91.8	96.8	100.5	105.6	98.2	104.8
Buying Plans Index	107.2	106.2	105.3	98.8	93.0	103.5	98.9	93.1	98.7	89.7	113.4	94.5	93.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	26.2	23.9	24.9	23.9	23.8	24.7	20.9	24.8	24.0	23.3	25.2	28.9	26.8
Bad	22.8	24.8	26.9	26.9	27.0	25.1	28.1	26.1	26.4	24.7	24.6	22.7	22.5
Normal	51.0	51.3	48.2	49.2	49.2	50.2	51.0	49.1	49.6	52.0	50.2	48.4	50.7
Employment													
Jobs plentiful	21.6	19.8	19.8	18.4	18.7	20.9	19.6	20.8	21.9	20.5	21.9	25.1	25.2
Jobs not so plentiful	46.4	46.8	46.3	45.8	46.2	46.8	46.2	45.1	45.6	46.7	47.9	44.3	45.1
Jobs hard to get	32.0	33.4	33.9	35.8	35.1	32.3	34.2	34.1	32.5	32.8	30.2	30.6	29.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.8	19.5	19.1	18.5	19.0	18.3	16.0	19.0	18.2	18.8	20.8	16.5	19.4
Worse	9.6	10.8	11.2	13.2	10.2	10.7	11.1	10.2	9.1	7.3	7.8	9.3	7.5
Same	70.6	69.7	69.7	68.3	70.8	71.0	72.9	70.8	72.7	73.9	71.4	72.2	73.1
Employment													
More jobs	15.9	15.6	15.6	14.3	15.4	14.8	12.6	14.7	14.9	16.5	17.7	16.1	17.2
Fewer jobs	18.5	19.7	20.9	21.5	19.6	18.4	19.0	19.7	15.6	15.6	14.1	16.0	14.8
Same	65.6	64.7	63.5	64.2	65.0	66.8	68.4	65.6	69.5	67.9	68.2	67.9	68.0
Income													
Increase	27.4	25.7	24.3	24.1	24.0	25.6	21.1	24.6	24.5	23.3	24.1	23.7	26.0
Decrease	8.0	9.3	9.8	8.9	8.8	8.6	8.4	8.3	8.1	8.3	6.6	7.4	6.6
Same	64.6	65.0	65.9	67.0	67.2	65.8	70.5	67.1	67.4	68.4	69.3	68.9	67.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.2	8.9	8.6	7.8	7.6	7.9	7.4	7.8	7.5	7.2	9.0	7.0	7.1
New	5.0	5.1	4.8	4.4	3.8	4.6	3.4	4.0	4.0	4.3	4.2	3.3	4.6
Used	3.2	2.8	2.5	2.3	2.7	2.6	2.6	2.9	2.8	2.2	3.6	3.1	1.7
Uncertain	1.0	1.0	1.3	1.1	1.1	0.7	1.4	0.9	0.7	0.7	1.2	0.6	0.8
Home													
Yes	4.4	4.1	4.4	4.0	3.1	4.3	4.4	3.1	4.1	3.2	4.1	3.3	3.7
New	1.1	1.3	1.2	1.1	1.1	1.1	1.5	1.1	1.4	0.7	1.3	0.9	0.8
Lived in	2.2	1.9	2.1	1.7	1.6	2.1	1.9	1.3	2.0	1.7	1.8	1.5	2.2
Uncertain	1.1	0.9	1.1	1.2	0.4	1.1	1.0	0.7	0.7	0.8	1.0	0.9	0.7
Major appliances													
Total plans	28.3	32.2	28.4	28.3	28.7	30.8	28.5	29.1	29.1	27.4	36.3	29.4	28.8
Refrigerator	4.4	5.0	4.2	4.9	4.8	4.4	5.3	5.2	4.6	4.0	5.6	4.7	4.4
Washing machine	4.5	4.7	4.2	4.3	4.3	4.4	4.2	3.8	4.3	3.6	4.8	3.9	4.3
TV Set	7.5	7.4	7.2	6.7	6.9	7.8	6.8	7.7	7.1	6.5	9.2	7.4	7.4
Vacuum Cleaner	3.9	5.5	4.8	4.6	4.8	5.6	4.3	4.8	5.5	5.2	6.4	4.6	4.7
Range	2.8	3.2	3.0	3.0	3.2	3.2	3.0	2.8	2.5	3.3	3.9	2.9	3.3
Clothes dryer	3.5	3.6	3.4	3.2	3.4	3.7	3.3	3.3	3.7	3.0	4.1	3.8	3.0
Air conditioner	1.7	2.8	1.6	1.6	1.3	1.7	1.6	1.5	1.4	1.8	2.3	2.1	1.7
Carpet	6.6	7.4	7.2	7.4	6.9	7.7	7.7	7.0	8.2	6.0	10.0	7.3	7.2
Vacation Intended Within Six Months: Percent													
Vacation Intended		50.3		48.4		49.5		50.9		49.4		49.7	
Destination													
Home state		11.1		9.2		10.1		11.5		10.2		9.7	
Other state		35.4		34.4		34.0		35.2		34.2		35.7	
Foreign country		6.0		6.3		6.6		5.9		6.8		6.6	
Means of travel													
Automobile		31.4		28.8		30.3		33.2		29.8		30.7	
Airplane		19.4		18.0		18.9		18.4		19.5		20.9	
Other		3.8		4.0		3.7		4.3		4.6		3.7	

(p)—preliminary (r)—revised

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